

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

# **HOUSE BILL 2186**

AN ACT

AMENDING SECTION 35-131, ARIZONA REVISED STATUTES; RELATING TO PUBLIC FINANCES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2       Section 1. Section 35-131, Arizona Revised Statutes, is amended to  
3 read:  
4           35-131. Accounting system: reports: notice of deficiency: forms  
5       A. In accordance with generally accepted governmental accounting  
6 principles, the department of administration shall develop and prescribe for  
7 the use of all budget units a uniform accounting system so designed as to  
8 ensure compliance with all legal and constitutional requirements including  
9 those respecting the receipt and expenditure of and the accountability for  
10 public monies.  
11      B. The department of administration shall maintain complete, accurate  
12 and current financial records relating to state monies and to other public  
13 monies in the state treasury available to, encumbered by or expended by each  
14 budget unit, including trust monies or other monies not subject to  
15 appropriation, setting out all revenues, charges against all funds, fund and  
16 appropriation balances, interfund transfers, outstanding warrants and  
17 encumbrances, in a manner consistent with the uniform state accounting  
18 system, for the preparation of statewide financial statements in accordance  
19 with generally accepted governmental accounting principles.  
20      C. Each month the department of administration shall prepare and  
21 submit to the governor a report summarizing by budget unit and appropriation  
22 or other fund source the above information in such form as will most clearly  
23 and accurately set out the current fiscal condition of the state and shall  
24 furnish to each budget unit a report of its transactions by appropriation or  
25 other fund source in a form that will clearly and accurately show the fiscal  
26 activity and condition of such appropriation or fund source.  
27      D. The responsible official for each budget unit shall monitor reports  
28 prepared pursuant to subsection C of this section to identify any projected  
29 total deficiency for the budget unit fiscal year. On a determination of a  
30 projected deficiency, the official shall take any action necessary to assure  
31 continuing compliance with section 1-254 by notifying the governor, the  
32 speaker of the house of representatives, the president of the senate and the  
33 chairman of the joint legislative budget committee of the deficiency and the  
34 reasons for the deficiency. The initial notification of the deficiency shall  
35 be followed within ten business days by a report from the responsible budget  
36 unit official that includes the following:  
37       1. A complete explanation of the causes of the deficiency.  
38       2. A plan that assures that the deficiency will be resolved within the  
39 fiscal year without supplemental appropriation and that includes the policy  
40 and programmatic implications of the deficiency and the plan.  
41       3. A commitment to provide a progress report if the projected degree  
42 of deficiency changes substantially. The report shall include additional  
43 measures necessary to assure resolution of the deficiency within the fiscal  
44 year.

1       E. On or before December 1 of each year, the director of the  
2 department of administration shall submit to the governor **AND THE LEGISLATURE**  
3 a complete report of the financial transactions of the preceding fiscal year  
4 and of the financial condition of the state at the end of that year with such  
5 comments and supplementary data as the director of the department of  
6 administration deems necessary to make the report complete and readily  
7 understandable. The report shall include all appropriated and  
8 nonappropriated monies in no less detail than the state general fund. **THE**  
9 **REPORT AND ANY CONSOLIDATED ANNUAL FINANCIAL REPORT SHALL ITEMIZE AND LIST**  
10 **FEDERAL MONIES SEPARATELY FROM STATE MONIES.**

11     F. The director of the department of administration shall prescribe  
12 uniform classifications for assets, liabilities, receipts and expenditures  
13 and forms for the periodic reporting of financial accounts, transactions and  
14 other matters by budget units compatible with the reports required of the  
15 director of the department of administration under this section. Such  
16 records and accounts shall be maintained and reconciled by budget units. If  
17 required for reporting, the department of administration may establish or  
18 delete funds and budget units may maintain additional records for reporting  
19 to the federal government or other funding source.

20     G. Each organization that is included in the state's reporting entity  
21 as defined by generally accepted accounting principles shall submit all  
22 necessary financial statements or information to the department of  
23 administration on a basis of accounting that is consistent with generally  
24 accepted accounting principles and that is in accordance with the policies  
25 and procedures of the department of administration.